

**JEFFERSON PARISH ECONOMIC  
DEVELOPMENT COMMISSION**

**JEFFERSON PARISH, LOUISIANA**

**FINANCIAL REPORT**

**December 31, 2002**

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

A PROFESSIONAL CORPORATION

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## INDEPENDENT AUDITORS' REPORT

**Board of Commissioners**  
**Jefferson Parish Economic Development Commission**  
**Jefferson Parish, Louisiana**

We have audited the accompanying basic financial statements of **Jefferson Parish Economic Development Commission ("JEDCO")**, a component unit of Jefferson Parish, Louisiana, as of and for the year ended December 31, 2002, as listed in the table of contents. These basic financial statements are the responsibility of **JEDCO's** management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of **JEDCO** as of December 31, 2002 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2003, on our consideration of **JEDCO's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note B to the basic financial statements, **JEDCO** adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 38,

*Certain Financial Statements Note Disclosures*, as of January 1, 2002. These new accounting standards result in a change in the format and content of the basic financial statements. The Management's Discussion and Analysis and the budgetary information on pages 3 through 9 and 32 through 37, respectively, are not a required part of the basic financial statements but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of **JEDCO** taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of **JEDCO**. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Rebowe & Company*

April 11, 2003

## **FINANCIAL SECTION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2002**

The Management's Discussion and Analysis (MD&A) of the Jefferson Parish Economic Development Commission's (JEDCO) financial performance provides an overall review and an objective, easily readable analysis of JEDCO's financial activities for the year ended December 31, 2002. The intent of MD&A is to look at JEDCO's overall financial performance and to assist readers in assessing the financial position as a result of the year's operations. Therefore, readers should read MD&A in conjunction with JEDCO's financial statements and the notes to the financial statements.

The MD&A is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments* issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, since this is the first year of implementing the new reporting model, comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare the comparative data and the Statement No. 34 permits the omission of prior year data in the year of implementation, JEDCO and management have elected not to prepare comparative data due to the cost of adjusting the prior year's financial statements to the new reporting model. Prior-year comparative data will be available in the future to provide a more meaningful comparative analysis of the government-wide data.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended December 31, 2002 include the following:

- Net assets amounted to \$2,036,390 for the year ended December 31, 2002. The net amount was composed of the following elements:

	<u>Net Assets</u>
Invested in capital assets	\$ 96,567
Unrestricted	1,409,411
Restricted:	
Jefferson Edge	509,817
Workforce Investment Board	<u>20,595</u>
	<u>\$ 2,036,390</u>

This is the first year of implementation of GASB 34 and therefore, there are only a few prior year GASB 34 numbers to compare to. Net Assets increased for the year ended December 31, 2002 by \$212,980. Although there are many factors that make up this increase, the largest factor is the sale of the JEDCO West building.

The amount "Invested in capital assets" represents JEDCO's net book value of its fixed assets. It is the accumulation of years of investments in fixed assets. The Unrestricted Net Assets of



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
December 31, 2002**

\$1,409,411 represents years of excess revenues over expenditures. This balance can be used for any legal purpose and has not been dedicated for any purposes by JEDCO.

Total assets amounted to \$2,799,104 attributed to the following items:

Cash and cash equivalents	\$ 1,355,597
Receivables:	
Accounts	2,779
Notes	628,751
Due from other governments	20,595
Prepaid expenses	6,665
Promises to give (Jefferson Edge)	688,150
Capital assets (net of accumulated depreciation)	<u>96,567</u>
 TOTAL ASSETS	 <u>\$ 2,799,104</u>

JEDCO keeps significant cash positions at several banks, including certificates of deposit totaling \$434,170. Due from other governments represents monies due from Jefferson Parish at year-end. Capital assets represent the investment in fixed assets over the history of JEDCO.

Total liabilities amounted to \$762,714 due to the following items:

Accounts payable	\$ 28,225
Compensated absences payable	40,342
Escrow deposits	5,997
Deferred revenues (Jefferson Edge)	<u>688,150</u>
 TOTAL LIABILITIES	 <u>\$ 762,714</u>

Accounts payable represent normal year-end payables. All liabilities are current as they are due within one year. Deferred revenues are resources received; however, JEDCO has no legal claim to the resources.

The largest single revenue source for JEDCO continues to be JEDCO's share of occupational licenses from Jefferson Parish. The occupational licenses have declined from the prior year. This represents the general decline in the economy; both in consumer spending and industrial activity.

State funds increased over last year as three payments under the contract were received in 2002 versus one payment in 2001.

Rents and telephone revenues have declined from the prior year due to sale of JEDCO West building, which had some tenants, and a slow decline of tenants in the Enterprise Center.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
December 31, 2002**

Interest and investment earnings have declined from the prior year. All investments were sold and certificates of deposit were purchased. Interest rates were very low for certificates during 2002.

Restricted donations increased over last year due to increased donations in the Jefferson Edge program.

Expenditures have remained relatively consistent with the prior year with the exception of one-time expenditures for the Incentive Fund, Bucktown Feasibility Study, and new computers.

Total revenues including special items were \$2,055,246. Special items included the gain on sale of the JEDCO West building that was sold at a gain of \$105,487. The change in net assets before special items was \$107,493 and the change in net assets after special items was \$212,980.

#### USING THE ANNUAL REPORT

JEDCO's annual report consists of a series of financial statements and the associated notes to those statements. These statements are organized so the reader can understand the operations of JEDCO as a financial whole, i.e., the entire operating entity, its funds, and its fiduciary responsibilities. The "Basic Financial Statements" Section, consisting of the Statement of Net Assets, and the Statement of Activities provide highly consolidated financial information, and render the government-wide perspective of JEDCO's financial condition. The Fund Financial Statements provide the next level of detail and look at JEDCO's most significant funds and a total of all other non-major funds.

#### *Reporting JEDCO as a Whole*

#### *Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets and the Statement of Activities present an aggregate view of JEDCO's finances and a longer-term view of those finances. These statements include *all assets and liabilities* using the *accrual basis* of accounting used by most private-sector enterprises. The *accrual basis* takes into account all of JEDCO's current year revenues and expenses regardless of when paid or received.

These two statements report JEDCO's net assets and changes in those assets. By showing the change in net assets for the year, the reader may ascertain whether JEDCO's financial condition has improved or deteriorated. The causes of the change may be the result of many factors, both financial and non-financial in nature. Non-financial factors which may have an impact on JEDCO's financial condition include economic, financial market, and industrial activity declines.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
December 31, 2002**

*Reporting JEDCO's Most Significant Funds*

*Fund Financial Statements*

JEDCO's major funds were analyzed. Fund Financial Statements provide more in-depth reporting of JEDCO's financial position and the results of operations. JEDCO uses several funds to account for funding sources provided annually. However, the Fund Financial Statements look at JEDCO's most significant funds with all non-major funds presented in total in one column. These statements report governmental activities on a more current basis rather than a long-term basis, indicating sources and uses of funding and resources available for spending in future periods.

Fund Financial Statements provide more in-depth data on JEDCO's most significant funds, such as its General Fund. This fund is considered a "major fund" under GASB Statement No. 34. The Jefferson Edge Special Revenue Fund is also considered a major fund.

*Governmental Funds* - Most of JEDCO's activities are reported in the governmental funds, which focus on how money flows in and out of those funds, the balances that are left at year-end and the amount available for spending in future periods. These funds are reported under the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

The relationship between governmental activities reported in the Basic Financial Statements and the governmental funds reported in the Fund Financial Statements are reconciled in the financial statements.

*Statement of Fiduciary Net Assets* – This statement represents financial information relative to assets held by JEDCO for the Jefferson Parish Department of Community Development.

*Governmental Activities*

As reported in the Statement of Activities, the cost of JEDCO's governmental activities for the year ended December 31, 2002 was \$1,842,266. The Statement of Activities report the cost of program services and the charges offsetting some of those services. Charges for services for federal programs were the only contributor of charges for services totaling \$145,136. The remaining amount was financed by the share of occupational licenses from Jefferson Parish totaling \$1,254,375, funds from the State of Louisiana contract of \$75,000, rents and telephone charges for JEDCO West and Enterprise Center buildings totaling \$94,262, restricted donations from the Jefferson Edge program of \$318,174, and other general revenues of \$62,812. The cost of JEDCO's largest categories of expenses as well as each program's net cost (total cost less revenues generated by the activities) are presented below. This "net cost" presentation allows the reader to determine the remaining cost of various categories, and also allows them the opportunity to assess the cost of each function in comparison to the benefits they believe are provided by the function. The net cost also reflects the amount needed to finance these functions from general sources such as occupational licenses and restricted donations.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
December 31, 2002**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental activities:		
Enterprise Center East	\$ 180,887	\$ -
Enterprise Center West	103,206	-
JEDCO "West"	49,443	-
Jefferson Edge	104,857	-
Workforce Investment Board	60,372	59,832
Financing for the Future	259,817	84,804
Port/Transportation	97,488	-
Economic Development	265,446	500
Marketing	156,593	-
Administrative	563,969	-
Interest on long-term debt	<u>188</u>	<u>-</u>
Total Governmental Activities	<u>\$1,842,266</u>	<u>\$ 145,136</u>

#### JEDCO'S FUNDS

JEDCO uses funds to control and permit measurement in the short term of the revenues and expenditures of a particular activity or purpose. The fund financial statements allow JEDCO to demonstrate its stewardship over and accountability for its resources. These statements allow the reader to obtain more insight into the financial management of JEDCO and assess JEDCO'S overall financial stability.

As JEDCO completed the year ended December 31, 2002, its combined fund balance was \$1,980,165 as compared to a combined fund balance of \$1,465,814 as of December 31, 2001. The majority of this increase was due to the sale of the JEDCO West building in 2002. The general fund's fund balance increased by \$85,276 due to the sale of the JEDCO West building in 2002.

#### General Fund Budgetary Highlights

JEDCO's budget is prepared according to Louisiana law. During the course of the year, JEDCO revises its budget to take into consideration significant changes in revenue or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. A statement showing JEDCO's original and final budget compared with actual operating results is provided in this annual report. The General Fund's actual revenues were under projected revenues by \$62,214 and expenditures were under final projections by \$34,396. Operating transfers are not included for budget purposes.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
December 31, 2002**

A comparison of actual results as of December 31, 2002 and the original budget for the General Fund are as follows:

	<u>Original Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Difference</u>
Total Revenues	\$1,629,197	\$1,364,881	\$ (264,316)
Total Expenditures	<u>1,619,900</u>	<u>1,701,201</u>	<u>(81,301)</u>
Net Change in Fund Balance	<u>\$ 9,297</u>	<u>\$ (336,320)</u>	<u>\$ (345,617)</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At December 31, 2002, JEDCO has approximately \$96 thousand invested in capital assets. This amount is net of accumulated depreciation to date. The net book value of capital assets at December 31, 2002 is as follows:

Office furniture	\$ 91,230
Leasehold improvements	<u>5,337</u>
Totals	<u>\$ 96,567</u>

During the current year, additions of \$57,037 of fixed assets were capitalized while \$497, 330 was deleted due to the sale of the JEDCO West building. Depreciation for the year ended December 31, 2002 was \$10,891 for the building sold, \$19,767 for office furniture, and \$1,258 for leasehold improvements.

At December 31, 2001, JEDCO had a loan with a bank with a balance of \$11,989. During 2002, this loan was paid out. JEDCO has no long-term obligations at December 31, 2002.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

JEDCO anticipates an increase in its share of occupational licenses received from Jefferson Parish for 2003 due an increase in the Consumer Price Index.

Several factors will influence whether or not JEDCO will experience an increase or decrease of revenues (i.e. occupancy of the Enterprise Centers and investment tools).

JEDCO also anticipates increases in expenses for medical, life, general liability and other insurance expenses as well as a 3% salary increase.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
December 31, 2002**

All one-time projects will continue to be funded out of the Fund Balance of the General Fund.

Because of the elimination of the JEDCO West revenues and expenses due to the sale of the building, JEDCO was able to offset most of its projected expenses increases.

Revenues and expenses allocated for the Jefferson Edge Project are project oriented and is reflected as such. Contract with the State of Louisiana was renewed in July 2002 and is now based on the reimbursement of expenses.

Revenue and expenses allocated for the Workforce Investment Board Project are based on reimbursement of expenses. Monthly reports and documentation continue to be submitted to the Jefferson Parish Workforce Investment Board. The contract with the Jefferson Parish Workforce Investment Board was renewed in November 2002 and extended until December 2003.

**CONTACTING JEDCO'S FINANCIAL MANAGEMENT**

This financial report is designed to provide taxpayers, customers, and creditors with a general overview of JEDCO's finances and to show JEDCO's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact JEDCO at 3445 North Causeway Boulevard, Suite 300, Metairie, LA 70002 or by calling (504) 833-1881 during regular office hours.

## **BASIC FINANCIAL STATEMENTS**

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**STATEMENT OF NET ASSETS**  
**December 31, 2002**

**ASSETS**

Cash and cash equivalents	\$ 1,355,597
Receivables:	
Accounts	2,779
Notes	628,751
Due from other governments	20,595
Prepaid expenses	6,665
Promises to give (Jefferson Edge)	688,150
Capital assets (net of accumulated depreciation)	<u>96,567</u>
<b>TOTAL ASSETS</b>	<u><u>2,799,104</u></u>

**LIABILITIES**

Accounts payable	28,225
Compensated absences payable	40,342
Escrow deposits	5,997
Deferred revenue (Jefferson Edge)	<u>688,150</u>
<b>Total Liabilities</b>	<u><u>762,714</u></u>

**NET ASSETS**

Invested in capital assets	96,567
Unrestricted	1,409,411
Restricted:	
Jefferson Edge	509,817
Workforce Investment Board	<u>20,595</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 2,036,390</u></u>

The notes to the basic financial statements are an integral part of this statement.



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2002**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants	Capital Grants	
Governmental activities:					
Enterprise Center East	\$ 180,887	\$ -	\$ -	\$ -	\$ (180,887)
Enterprise Center West	103,206	-	-	-	(103,206)
JEDCO "West"	49,443	-	-	-	(49,443)
Jefferson Edge	104,857	-	-	-	(104,857)
Workforce Investment Board	60,372	59,832	-	-	(540)
Financing the Future	259,817	84,804	-	-	(175,013)
Port/Transportation	97,488	-	-	-	(97,488)
Economic Development Services	265,446	500	-	-	(264,946)
Marketing	156,593	-	-	-	(156,593)
Administrative	563,969	-	-	-	(563,969)
Interest on long-term debt	188	-	-	-	(188)
Total Governmental Activities	<u>\$ 1,842,266</u>	<u>\$ 145,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,697,130)</u>
General revenues:					
Share of Jefferson Parish occupational licenses					1,254,375
State Funds					75,000
Rents and Telephone					78,050
Interest and investment earnings					69,505
Miscellaneous					2,692
Insurance Reimbursement					6,827
Restricted Donations					318,174
Special item - gain on sale of building					105,487
Total general revenues and special items					<u>1,910,110</u>
Increase in net assets					212,980
Net assets - January 1, 2002, restated					<u>1,823,410</u>
Net assets - December 31, 2002					<u>\$ 2,036,390</u>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**December 31, 2002**

	General Fund	Jefferson Edge Fund	Other Governmental Funds	TOTAL
<b>ASSETS</b>				
Cash and cash equivalents	\$ 616,685	\$ 526,833	\$ 212,079	\$ 1,355,597
Receivables:				
Accounts	2,779	-	-	2,779
Notes	-	-	628,751	628,751
Due from other funds	5,359	-	-	5,359
Due from other governments	-	-	20,595	20,595
Prepaid expenses	6,665	-	-	6,665
Promises to give (Jefferson Edge)	-	688,150	-	688,150
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 631,488</u>	<u>\$ 1,214,983</u>	<u>\$ 861,425</u>	<u>\$ 2,707,896</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 11,209	\$ 17,016	\$ -	\$ 28,225
Due to other funds	-	-	5,359	5,359
Escrow deposits	5,997	-	-	5,997
Deferred revenue (Jefferson Edge)	-	688,150	-	688,150
Total Liabilities	<u>17,206</u>	<u>705,166</u>	<u>5,359</u>	<u>727,731</u>
Fund Balances:				
Unreserved, Undesignated	614,282	-	835,471	1,449,753
Restricted	-	509,817	20,595	530,412
Total Fund Balances	<u>614,282</u>	<u>509,817</u>	<u>856,066</u>	<u>1,980,165</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 631,488</u>	<u>\$ 1,214,983</u>	<u>\$ 861,425</u>	<u>\$ 2,707,896</u>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**December 31, 2002**

Total Fund Balances at December 31, 2002 - Governmental Funds		\$ 1,980,165
Cost of capital assets at December 31, 2002	\$ 288,773	
Less - accumulated depreciation as of December 31, 2002:		
Office furniture	(187,401)	
Leasehold improvements	<u>(4,805)</u>	96,567
Elimination of interfund assets and liabilities:		
Due from other funds	(5,359)	
Due to other funds	<u>5,359</u>	-
Long-term liabilities at December 31, 2002:		
Compensated absences payable		<u>(40,342)</u>
Net Assets at December 31, 2002		<u><u>\$ 2,036,390</u></u>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Year Ended December 31, 2002**

	<u>General Fund</u>	<u>Jefferson Edge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Intergovernmental:				
Share of Jefferson Parish occupational licenses	\$ 1,174,375	\$ 80,000	\$ -	\$ 1,254,375
State Funds	-	75,000	-	75,000
Charges for services	84,804	-	60,332	145,136
Enterprise Centers and JEDCO "West":				
Rents and Telephone	78,050	-	-	78,050
Interest	18,133	442	50,930	69,505
Miscellaneous	2,692	-	-	2,692
Insurance reimbursement	6,827	-	-	6,827
Restricted donations	-	318,174	-	318,174
Total revenues	<u>1,364,881</u>	<u>473,616</u>	<u>111,262</u>	<u>1,949,759</u>
<b>EXPENDITURES</b>				
Current:				
Enterprise Center East	180,444	-	-	180,444
Enterprise Center West	102,263	-	-	102,263
JEDCO "West"	34,847	-	-	34,847
Jefferson Edge	-	104,857	-	104,857
Workforce Investment Board	-	-	59,832	59,832
Financing the Future	257,677	-	-	257,677
Port/Transportation	97,144	-	-	97,144
Economic Development Services	264,418	-	-	264,418
Marketing	156,011	-	-	156,011
Administrative	539,183	-	5,445	544,628

(Continued)

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)**  
**For the Year Ended December 31, 2002**

	<u>General Fund</u>	<u>Jefferson Edge Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>EXPENDITURES (CONTINUED)</b>				
Capital outlay	57,037	-	-	57,037
Debt service:				
Principal	11,989	-	-	11,989
Interest	188	-	-	188
Total expenditures	<u>1,701,201</u>	<u>104,857</u>	<u>65,277</u>	<u>1,871,335</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(336,320)</u>	<u>368,759</u>	<u>45,985</u>	<u>78,424</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	25,134	24,053	15,412	64,599
Operating transfers out	(39,465)	-	(25,134)	(64,599)
Total other financing sources and uses	<u>(14,331)</u>	<u>24,053</u>	<u>(9,722)</u>	<u>-</u>
<b>SPECIAL ITEMS</b>				
Proceeds from sale of JEDCO "West" building	<u>435,927</u>	<u>-</u>	<u>-</u>	<u>435,927</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>85,276</u>	<u>392,812</u>	<u>36,263</u>	<u>514,351</u>
<b>FUND BALANCES - JANUARY 1, 2002</b>	<u>529,006</u>	<u>117,005</u>	<u>819,803</u>	<u>1,465,814</u>
<b>FUND BALANCES - DECEMBER 31, 2002</b>	<u><u>\$ 614,282</u></u>	<u><u>\$ 509,817</u></u>	<u><u>\$ 856,066</u></u>	<u><u>\$ 1,980,165</u></u>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2002**

Total net increase in fund balances - governmental funds	\$ 514,351
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:

Capital Outlays	\$ 57,037	
Depreciation expense	<u>(31,916)</u>	25,121

Proceeds from sale of capital assets are reported in the governmental funds as other financing sources. However, in the Statement of Activities, the proceeds are reported as a gain on the sale of building reduced by carrying value of the assets:

Proceeds from sale of JEDCO "West" building	(435,927)	
Gain on sale of building	<u>105,487</u>	(330,440)

Repayment of loan payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

11,989

Payment of compensated absences is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets by the excess of compensated absences earned over amounts used.

(8,041)

Increase in net assets of governmental activities	<u><u>\$ 212,980</u></u>
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The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**FIDUCIARY FUND DESCRIPTION**  
**December 31, 2002**

**FIDUCIARY TYPE FUNDS - AGENCY FUNDS**

Agency Funds account for assets held by an entity as an agent for individuals, private organizations, other governments, and/or other entity's funds.

HUD Revolving Loan Fund

The HUD Revolving Loan Fund accounts for loans made by the Department of Housing and Urban Development, Community Development Block Grant Loan Guarantee Program to borrowers in the community for economic development.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**December 31, 2002**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 166,167
Notes receivable	<u>448,311</u>
 TOTAL ASSETS	 <u><u>\$ 614,478</u></u>
 <b>LIABILITIES</b>	
Due to Jefferson Parish	
Department of Community Development	<u>\$ 614,478</u>
 TOTAL LIABILITIES	 <u><u>\$ 614,478</u></u>

The notes to basic financial statements are an integral part of this statement.



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2002**

**NOTE A - GENERAL INFORMATION**

The Jefferson Parish Economic Development Commission (“JEDCO”) is a special district of Jefferson Parish, Louisiana which was created by House Bill No. 908 of the 1987 Regular Session of the Louisiana Legislature. The name under which it was created is Jefferson Parish Economic Development and Port District, but in accordance with its bylaws, it operates under the name Jefferson Parish Economic Development Commission or JEDCO.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Financial Reporting Entity

GASB Codification of Governmental Accounting and Financial Reporting Standards established the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criteria for including a governmental organization as a part of the reporting entity for a governmental unit is the ability to exercise oversight responsibility over such organization by the unit’s elected officials. Oversight responsibility is derived from, among other things, the governmental unit’s power to appoint the governing board and the ability to significantly influence operations.

Based on the foregoing criteria, JEDCO was determined to be a component unit of Jefferson Parish, Louisiana, the governing body with oversight responsibility. The accompanying basic financial statements present information only on the funds maintained by JEDCO and do not present information on Jefferson Parish, the general government services provided by Jefferson Parish, or the other governmental units that comprise the governmental reporting entity of Jefferson Parish. There are no component units which have been combined with JEDCO to form the reporting entity, nor are there any potential component units which should be combined with JEDCO to form the reporting entity.

2. Basis of Presentation

The accompanying financial statements of JEDCO have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999. JEDCO is required to implement this statement

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2. Basis of Presentation (Continued)

for the year ended December 31, 2002. As a result, a new financial statement presentation has been implemented.

3. Basis of Accounting

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. Activities are presented using the economic resources method. The accounting objective of this measurement focus is the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or noncurrent) associated with the government's activities are reported. Fund equity is classified as net assets. Government activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, the Statement of Net Assets and Statement of Activities present revenues, expenses, and fixed asset acquisitions as follows:

Revenues - Revenues are recognized in the accounting period in which they are earned.

Expenses - Expenses are recorded when the liability is incurred or economic asset used.

Fixed Assets - Fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Program revenues included in the Statement of Activities are derived directly from outside parties; as a whole, program revenues reduce the cost of the function to be financed from JEDCO's general revenues.

JEDCO reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3. Basis of Accounting (Continued)

Fund Financial Statements

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental funds and the agency funds. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due. Transfers between funds that are not expected to be repaid are accounted for as other financial sources or uses and are recorded when the interfund receivable and payable arises.

JEDCO maintains two categories of funds: governmental and fiduciary. Each category is further divided into separate fund types.

JEDCO's governmental fund type consists of a General Fund which is used to account for all of its operating activities, and special revenue funds which are used to account for specific revenues restricted for specific purposes.

JEDCO's fiduciary fund type consists of an agency fund which is used to account for assets that JEDCO holds for another governmental unit.

Those revenues susceptible to accrual are rents, charges for telephone usage, revenues for charges for services, and interest on notes and cash and cash equivalents. Revenue from

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3. Basis of Accounting (Continued)

shared occupational licenses are considered measurable and available when received and are recorded as revenue at that time.

4. Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year. The level of budgetary control is at the fund/department level and expenditures may not exceed budgeted appropriations. Appropriations which are not expended lapse at year-end. A budget is adopted for the General Fund, the Jefferson Edge, and Workforce Investment Board Special Revenue Funds on a basis consistent with generally accepted accounting principles.

Operating transfers are not included for budget purposes. The adopted budget of expenditures operates as an appropriation for that year. Any unexpended balance of the amount appropriated reverts to the fund balance and becomes available for future appropriation. Commitments related to unperformed contracts for goods and services (encumbrances) are not recorded as a reservation of fund balance because the amount is immaterial. A budget was not adopted for the EDA Revolving Loan Special Revenue Fund because its expenditures are limited by the terms of the grant arrangements under which its revenues are received.

5. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with a maturity date within three months of the date acquired by JEDCO. Louisiana State statutes permit JEDCO to invest in direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, direct security repurchase agreements of any federal book entry only securities, and certificates of deposit of state banks, organized under the State of Louisiana, and national banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which have underlying investments limited to securities of the U.S. government or its agencies.

6. Promises to Give

Promises to give are future donations from businesses that are pledged over the next four years for the Jefferson Edge program. Upon receipt, the promises to give will be recognized as revenue.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

7. Allowance for Estimated Uncollectible Receivables

An allowance for estimated uncollectible receivables is established when collectibility of a loan or an account becomes doubtful. As of December 31, 2002, management had established no allowance for estimated uncollectible receivables and all accounts were considered collectible.

8. Deferred Revenue

Deferred revenues arise when resources are received by JEDCO before it has a legal claim to them. In subsequent periods, when JEDCO has legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

9. Capital Assets and Depreciation

For the government-wide financial statements, capital assets are recorded at cost in the statement of net assets. Donated assets are valued at their estimated fair market value on the date received. JEDCO does not have any infrastructure assets. Depreciation is computed using the straight line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building	40 years
Leasehold improvements	5-10 years
Office furniture	5-7 years

For fund financial statements, capital acquisitions are reflected as expenditures in the governmental funds at the time purchased.

10. Compensated Absences

In the governmental funds, only that portion which is expected to be liquidated from expendable available financial resources is accrued at year-end. The remainder of the accrued liability which is applicable to governmental fund types is reported in the government-wide financial statements. The amount of accumulated annual leave at December 31, 2002 applicable to governmental fund types was \$40,342, none of which met the condition for accrual in the governmental fund types; hence, the entire amount is reported in the government-wide financial statements. In accordance with GASB Statement No. 16, no liability is recorded for accumulated sick pay benefits because such benefits can be used only for sick leave.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE C - LEGAL COMPLIANCE - BUDGET**

Under state law, JEDCO is required to complete and submit a budget for its General and Special Revenue Funds to the governing authority of Jefferson Parish no later than fifteen days prior to the beginning of the fiscal year to which the budget applies. The total proposed expenditures may not exceed the total of estimated funds available at the fund level. Public participation in the budgetary process prior to adoption of the budget is required if the total proposed expenditures are \$250,000 or more. The budget presented in the accompanying basic financial statements is the amended budget which was adopted by the Board of Commissioners.

Actual revenues under budgeted revenues are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Jefferson Edge Fund	\$ 810,000	\$ 473,616	\$ (336,384)
Workforce Investment Board Fund	\$ 126,440	\$ 59,832	\$ (66,608)

**NOTE D - ACCOUNTING CHANGES AND RESTATEMENTS**

During 2002, JEDCO adopted GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. In accordance with GASB Statement No. 34, the government-wide financial statements are presented on the full accrual basis of accounting while the fund financial statements are presented on the modified accrual basis. A reconciliation is presented to reflect the adjustments made to convert the fund financial statements to a full accrual basis. The reconciliation below identifies the adjustments to restate beginning net assets to a full accrual basis. Beginning governmental activity net assets were restated as follows:

Fund balances at December 31, 2001:	
General Fund	\$ 529,006
Special Revenue Fund	<u>936,808</u>
	1,465,814
GASB Statement No. 34 adjustments:	
Capital assets	401,886
Long-term liabilities	<u>(44,290)</u>
Restated net assets as of December 31, 2001	<u>\$1,823,410</u>

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE E - USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE F - CASH AND CASH EQUIVALENTS**

At December 31, 2002, the carrying amount of JEDCO's deposits was \$1,521,764 of which \$166,167 is reported in the agency fund and \$1,355,597 is reported in the Statement of Net Assets. Certificates of deposit included in the cash amount were \$434,170. The bank balance of the deposits at December 31, 2002 was \$1,559,988. Of the bank balance, \$300,000 was covered by federal deposit insurance and \$1,716,487 was covered by collateral held by the pledging financial institution's agent in JEDCO's name.

**NOTE G - INTERFUND TRANSACTIONS**

Interfund transactions consist of interfund receivables/payables and operating transfers. Interfund receivables/payables at December 31, 2002 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
EDA Revolving Loan Fund	\$ 5,359	\$ -
Special Revenue Fund – EDA Revolving Loan Fund	<u>-</u>	<u>5,359</u>
	<u>\$ 5,359</u>	<u>\$ 5,359</u>

Operating transfers at December 31, 2002 are as follows:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund:		
Jefferson Edge Fund	\$ -	\$ 24,053
Workforce Investment Board Fund	-	15,412
EDA Revolving Loan Fund	25,134	-
Special Revenue Funds:		
Jefferson Edge Fund	24,053	-
Workforce Investment Board Fund	15,412	-
EDA Revolving Loan Fund	<u>-</u>	<u>25,134</u>
	<u>\$ 64,599</u>	<u>\$ 64,599</u>

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE H - CAPITAL ASSETS**

The following presentation restates capital assets from the general fixed asset account group at December 31, 2001 in order to comply with the new reporting model mandated by GASB Statement No. 34:

	<u>Land and Building</u>	<u>Office Furniture</u>	<u>Leasehold Improvements</u>	<u>Total</u>
Cost at December 31, 2001 (as reported in the general fixed asset account group)	\$ 435,647	\$ 364,117	\$ 8,578	\$ 808,342
Items below the established capitalization threshold for capital assets	<u>-</u>	<u>79,276</u>	<u>-</u>	<u>79,276</u>
Cost of capital assets December 31, 2001	435,647	284,841	8,578	729,066
Accumulated depreciation December 31, 2001	<u>98,021</u>	<u>225,613</u>	<u>3,546</u>	<u>327,180</u>
Capital assets, net of depreciation at December 31, 2001	<u>\$ 337,626</u>	<u>\$ 59,228</u>	<u>\$ 5,032</u>	<u>\$ 401,886</u>

Capital asset activity for the fiscal year ended December 31, 2002 was as follows:

	<u>Balance December 31, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2002</u>
Land and building	\$ 435,647	\$ -	\$ 435,647	\$ -
Office furniture	284,841	55,473	61,683	278,631
Leasehold improvements	<u>8,578</u>	<u>1,564</u>	<u>-</u>	<u>10,142</u>
Total at historical cost	729,066	57,037	497,330	288,773
Total accumulated depreciation	<u>327,180</u>	<u>31,916</u>	<u>166,890</u>	<u>192,206</u>
Capital assets, net	<u>\$ 401,886</u>	<u>\$ 25,121</u>	<u>\$ 330,440</u>	<u>\$ 96,567</u>



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE H - CAPITAL ASSETS (CONTINUED)**

Depreciation expense of \$31,916 for the year ended December 31, 2002, was reported as follows:

Governmental Activities:	
Enterprise Center East	\$ 470
Enterprise Center West	111
JEDCO "West"	14,596
Administrative	<u>16,739</u>
Total	<u>\$ 31,916</u>

JEDCO sold a building and furnishings on March 18, 2002 for \$435,927 at a gain of \$105,487.

**NOTE I - PENSION PLAN**

JEDCO's employees are covered by its simplified employee pension (SEP) plan and are not subject to social security taxes. JEDCO makes a contribution to an IRA account established for each full-time employee. The amount contributed by JEDCO is 6.2% of the employee's total compensation. JEDCO's total contribution under this plan for 2002 was \$54,518 based on a covered payroll of \$877,117. JEDCO's total current year payroll for all employees was \$895,941. JEDCO also participates in a retirement plan in which all full time employees are eligible to participate. The annual contribution by JEDCO is 5% of the employee's annual salary. JEDCO's total contribution under this plan for 2002 was \$43,966.

**NOTE J - OPERATING LEASE**

JEDCO leases the third floor of an office building that it uses for its administrative office and Enterprise Center East operations. The lease is considered an operating lease for accounting purposes. The lease term is ten years expiring in 2005. Lease payments under the lease for the year ended December 31, 2002 were \$151,651.

JEDCO leases a suite on the first floor of an office building that it uses for its Enterprise Center West operations. The lease is considered an operating lease for accounting purposes. The lease term is five years expiring in 2007. Lease payments under the lease for the year ended December 31, 2002 were \$24,438.

Minimum future annual lease payments required are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2003	\$ 210,310
2004	212,310
2005	163,757
2006	58,650
2007	<u>34,213</u>
	<u>\$ 679,240</u>

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE K - LONG-TERM DEBT**

Long-term liability activity for the year ended December 31, 2002 was as follows:

	Balance January 1, <u>2002</u>	<u>Additions</u>	<u>Payments</u>	Balance December 31, <u>2002</u>
Compensated absences	\$ 32,301	\$ 53,524	\$ 45,483	\$ 40,342
Loan payable	<u>11,989</u>	<u>-</u>	<u>11,989</u>	<u>-</u>
	<u>\$ 44,290</u>	<u>\$ 53,524</u>	<u>\$ 57,472</u>	<u>\$ 40,342</u>

**NOTE L - CONDUIT DEBT (NOT INCLUDED IN THE FINANCIAL STATEMENTS)**

In 2000, the State of Louisiana authorized JEDCO to issue \$8.5 million in Variable Rate Demand Industrial Development Bonds. The bonds were issued for the purpose of financing the acquisition and installation of equipment of a manufacturing facility on behalf of a local corporation at its manufacturing plant located in Jefferson Parish. JEDCO's obligations under the Series 2000 Bonds are limited. These special obligations are payable solely from lawfully available funds from payments made by the corporation (as defined in the Loan Agreement) and certain funds held by the Trustee pursuant to the Trust Indenture. The bonds do not constitute a debt or pledge of faith and credit of JEDCO and, accordingly, have not been reported in the accompanying financial statements. No other assets are available for payment of the principal of or interest on the bonds. The bonds may be called for redemption by the corporation at the option of JEDCO before maturity, in whole or in part, in the inverse order of maturity, on any interest date. At December 31, 2002, \$8.5 million of Variable Rate Demand Industrial Development Bonds were outstanding.

In 2002, the State of Louisiana authorized JEDCO to issue \$6.5 million in Variable Rate Taxable Revenue Bonds. The Bonds were issued for the purpose of financing the expansion of an existing warehouse facility on behalf of a local corporation located in Jefferson Parish. The facilities are to be leased by JEDCO to the corporation pursuant to a Lease Agreement between JEDCO and the corporation. JEDCO's obligations under the Series 2002 Bonds are limited. These special obligations are payable solely from the revenues and other amounts derived from the leasing of the facility by JEDCO to the corporation. The bonds do not constitute debt or pledge of faith and credit of JEDCO and, accordingly, have not been reported in the accompanying financial statements. No other assets are available for payment of the principal of or interest on the bonds. The bonds may be called for redemption by the corporation at the option of JEDCO, on any date, before maturity, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. At December 31, 2002, \$6.5 million of Variable Rate Taxable Revenue Bonds were outstanding.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE M - IN-KIND DONATIONS**

For the Jefferson Edge program, JEDCO received in-kind donations to be used over the five-year period. During 2002, JEDCO incurred \$2,457 of in-kind expenses. This amount is not reflected in the financial statements.

**NOTE N - CONTRIBUTED SERVICES**

The twenty-one members of the Board of Commissioners of JEDCO and members of the Board's various advisory committees serve without compensation. The value of these contributed services is not included in JEDCO's financial statements.

**NOTE O - COOPERATIVE ENDEAVOR AGREEMENT**

In 2002, JEDCO entered into a cooperative endeavor agreement with Newton & Associates ("Newton"), a local business, to provide certain economic incentives for the expansion of Newton's business in Jefferson Parish, Louisiana. JEDCO has leased property from Newton's affiliate, NSB IV, LLC, at a fair market rental rate, and in turn has subleased the same property to Newton at the same fair market rental rate, subject to an annual rental rebate. This lease began on January 1, 2002. Newton is entitled to a rental rebate in the amount of \$4,000 for each new employee hired limited to \$120,000 per year or \$600,000 of the five year term of the lease and sublease. All parties have agreed that the annual base rental, as provided by the lease and sublease, shall be payable monthly, by Newton directly to NSB, in full satisfaction of Newton's obligation to make monthly rental payments to JEDCO under the sublease, and in full satisfaction of JEDCO's obligation to make monthly rental payments to NSB under the lease.

All funds under this agreement are held by Jefferson Parish ("Parish") in the Parish Economic Incentive Fund. JEDCO will determine if Newton has created and retained the required number of new jobs under the terms of this agreement and the other performance objectives under the agreement. If the performance objectives are met, the Parish will disburse the funds from its Incentive Fund to JEDCO. JEDCO will release the funds to Newton upon receipt from the Parish. As of December 31, 2002, no funds have been received from the Parish under this agreement.

JEDCO made a contribution to the Parish's Economic Incentive Fund during 2002 in the amount of \$50,000.

**NOTE P - NOTES RECEIVABLE**

JEDCO has notes receivable recorded in the EDA Revolving Loan Fund which are made to various businesses under the terms of the capitalization grant received from the Economic Development Administration. These notes totaled \$628,751 at December 31, 2002. The notes have various maturity dates and interest rates. No allowance has been established for the year ended December 31, 2002.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE P - NOTES RECEIVABLE (CONTINUED)**

JEDCO has notes receivable recorded in the HUD Revolving Loan Fund (an agency fund) which are made to various businesses under the terms of the Department of Housing and Urban Development Community Development Block Grant Loan Guarantee Program. These notes totaled \$448,311 at December 31, 2002. The notes have various maturity dates and interest rates. No allowance has been established for the year ended December 31, 2002.

**NOTE Q - PROMISES TO GIVE (JEFFERSON EDGE)**

As of December 31, 2002, promises to give total \$688,150.

Amounts due in:

Less than one year	\$ 264,100
One to five years	<u>424,050</u>
Total	<u>\$ 688,150</u>

Promises to give are future donations from businesses that are pledged over the next four years for the Jefferson Edge program; therefore, JEDCO will recognize the promises to give as revenue when received. Deferred revenue in the amount of \$688,150 has been recorded at December 31, 2002.

**NOTE R - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUND**

The following summarizes the changes in the assets and liabilities of the agency fund during 2002.

	<u>HUD Revolving Loan Fund</u>			
	<u>Balance January 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2002</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 397,037	\$ -	\$ 230,870	\$ 166,167
Notes receivable	<u>199,888</u>	<u>395,765</u>	<u>147,342</u>	<u>448,311</u>
Total assets	<u>\$ 596,925</u>	<u>\$ 395,765</u>	<u>\$ 378,212</u>	<u>\$ 614,478</u>
<b>Liabilities:</b>				
Due to Jefferson Parish				
Department of				
Community Development	<u>\$ 596,925</u>	<u>\$ 17,553</u>	<u>\$ -</u>	<u>\$ 614,478</u>
Total liabilities	<u>\$ 596,925</u>	<u>\$ 17,553</u>	<u>\$ -</u>	<u>\$ 614,478</u>

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE R - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUND  
(CONTINUED)**

This agency fund, the HUD Revolving Loan Fund, accounts for loans made by the Department of Housing and Urban Development Community Development Block Grant Loan Guarantee Program to borrowers in the community for economic development. The funds are held for the Jefferson Parish Department of Community Development.

**NOTE S - ESCROW DEPOSITS**

JEDCO assists local businesses in obtaining loans from the Small Business Administration. JEDCO collects an application fee at the beginning of the loan process. These application fees are held in an account until the loan process is completed. All application fees are returned to the applicant even if the loan is not obtained. Escrow deposits totaled \$5,997 at December 31, 2002.

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **PART II**

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS WITH  
LEGALLY ADOPTED BUDGETS DESCRIPTIONS  
December 31, 2002**

**GENERAL FUND**

To account for resources traditionally associated with JEDCO which are not required legally or by sound financial management to be accounted for in another fund.

**SPECIAL REVENUE FUNDS**

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

Jefferson Edge Fund

The Jefferson Edge Fund was created for the purpose of implementing the Jefferson Edge program which is a five year economic development strategic plan for Jefferson Parish. Funding for the implementation comes from the State of Louisiana, Jefferson Parish and the private sector through annual or multi-year commitments.

## **OTHER SUPPLEMENTAL INFORMATION**



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended December 31, 2002**

	Budgeted Amounts		Actual Amounts on Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Share of Jefferson Parish occupational licenses	\$ 1,344,197	\$ 1,174,375	\$ 1,174,375	\$ -
Charges for services:				
Loan processing and servicing	140,000	118,480	84,804	(33,676)
Rents:				
Enterprise Center East	60,000	57,860	55,652	(2,208)
JEDCO "West"	24,000	4,800	900	(3,900)
Enterprise Center West	-	1,350	7,656	6,306
Telephone charges:				
Enterprise Center East	18,000	13,480	12,692	(788)
Enterprise Center West	-	600	1,150	550
Interest	40,000	43,000	18,133	(24,867)
Miscellaneous	-	-	2,692	2,692
Insurance reimbursement	-	5,400	6,827	1,427
Restricted donations	3,000	7,750	-	(7,750)
Total revenues	<u>1,629,197</u>	<u>1,427,095</u>	<u>1,364,881</u>	<u>(62,214)</u>
<b>EXPENDITURES</b>				
Current:				
Enterprise Center East:				
Advertising and promotion	1,000	500	327	173
Dues and subscriptions	700	700	414	286
Furniture and equipment rental	80,400	79,400	77,876	1,524
Health benefits and taxes	12,000	15,600	15,239	361
Postage and office supplies	2,300	2,400	96	2,304
Miscellaneous	1,000	1,000	1,477	(477)
Staff salaries/benefits	62,600	72,000	70,768	1,232
Travel/mileage	1,000	700	663	37
Communication	26,500	18,000	13,584	4,416
Total Enterprise Center East	<u>187,500</u>	<u>190,300</u>	<u>180,444</u>	<u>9,856</u>
Enterprise Center West:				
Advertising and promotion	-	-	6,350	(6,350)
Dues and subscriptions	-	400	39	361
Furniture and equipment rental	-	27,438	26,079	1,359
Health benefits and taxes	-	8,500	5,867	2,633
Office supplies	-	1,000	147	853

(Continued)

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**For the Year Ended December 31, 2002**

	Budgeted Amounts		Actual Amounts on Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Miscellaneous	-	1,000	5,149	(4,149)
Staff salaries/benefits	-	35,000	33,362	1,638
Travel/mileage	-	1,000	1,557	(557)
Postage	-	625	80	545
Communication	-	10,000	7,414	2,586
Furniture and equipment	-	-	16,219	(16,219)
Total Enterprise Center West	-	84,963	102,263	(17,300)
JEDCO "West":				
Building expenditures:				
Custodial and building supplies	9,500	4,219	3,824	395
General maintenance	10,000	1,933	1,662	271
Insurance	14,500	-	-	-
Utilities	19,000	4,064	3,078	986
Incubator program expenditures:				
Advertising	700	388	388	-
Communications	12,000	532	410	122
Contract services	700	-	-	-
Dues and subscriptions	100	-	-	-
Health benefits and taxes	11,200	3,809	3,485	324
Miscellaneous	1,000	3,950	2,530	1,420
Postage and office supplies	400	100	100	-
Staff salaries/benefits	53,400	18,969	18,970	(1)
Travel and entertainment	500	376	400	(24)
Office and equipment rental	2,000	-	-	-
Total JEDCO "West"	135,000	38,340	34,847	3,493
Financing the Future:				
Advertising and promotion	500	500	500	-
Dues and subscriptions	4,000	5,000	4,919	81
Health benefits and taxes	44,500	37,600	35,698	1,902
Office and equipment rental	35,000	27,000	23,108	3,892
Postage and copying	1,700	1,700	1,955	(255)
Staff salaries/benefits	211,000	186,000	184,516	1,484
Training/seminars	5,000	3,500	740	2,760
Travel/mileage	5,000	4,000	1,151	2,849
Communication	3,800	3,800	3,041	759
Office supplies	2,500	2,500	2,049	451
Total Financing the Future	313,000	271,600	257,677	13,923

(Continued)

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**For the Year Ended December 31, 2002**

	Budgeted Amounts		Actual Amounts on Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Port/Transportation:				
Communications	3,750	3,750	3,185	565
Dues and subscriptions	2,000	2,000	1,606	394
Health benefits and taxes	11,500	6,600	7,072	(472)
Office and equipment rental	6,800	5,500	3,793	1,707
Office supplies	2,000	1,700	1,190	510
Postage and copying	1,800	2,800	2,106	694
Staff salaries/benefits	59,000	33,500	32,825	675
Travel/mileage	7,000	7,000	4,867	2,133
Training and seminars	2,000	2,000	500	1,500
Port Project	5,000	5,000	-	5,000
Bucktown Feasibility Study	12,500	40,000	40,000	-
Total Port/Transportation	<u>113,350</u>	<u>109,850</u>	<u>97,144</u>	<u>12,706</u>
Economic Development Services:				
Data base analysis	2,400	2,400	200	2,200
Health benefits and taxes	46,500	47,000	40,327	6,673
Communication	3,750	3,750	3,304	446
Office and equipment rental	27,500	21,260	15,084	6,176
Dues and subscriptions	1,800	5,300	6,283	(983)
Office supplies	2,400	2,700	2,434	266
Staff salaries/benefits	181,500	186,500	163,252	23,248
Travel/mileage	11,700	11,700	9,394	2,306
Postage and copying	2,100	2,000	2,236	(236)
GIS System Implementation	-	8,000	3,750	4,250
Land Research	-	12,500	3,116	9,384
Avondale Study	-	17,500	15,038	2,462
Total Economic Development Services	<u>279,650</u>	<u>320,610</u>	<u>264,418</u>	<u>56,192</u>
Marketing:				
Advertising	32,000	52,035	54,366	(2,331)
Communications	3,000	3,000	2,757	243
Health benefits and taxes	10,300	15,200	15,442	(242)
Office and equipment rental	5,000	3,440	1,279	2,161
Travel/seminars	2,400	1,500	1,204	296
Staff salaries/benefits	48,000	73,500	73,470	30
Office supplies	2,100	2,100	1,769	331
Travel/mileage	1,000	700	265	435

(Continued)

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**For the Year Ended December 31, 2002**

	Budgeted Amounts		Actual Amounts on Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Postage	4,000	4,100	3,530	570
Dues and subscriptions	1,000	1,000	562	438
Marketing Projects	-	-	1,367	(1,367)
Total Marketing	<u>108,800</u>	<u>156,575</u>	<u>156,011</u>	<u>564</u>
Administration:				
Accounting/audit	14,000	14,000	11,188	2,812
Business development	500	400	30	370
Commissioners' meetings	4,200	5,200	3,639	1,561
Communications	6,000	5,000	4,357	643
Computers	-	31,200	26,054	5,146
Health benefits and taxes	63,500	63,500	57,727	5,773
Insurance	24,000	24,000	30,536	(6,536)
Postage	5,000	4,000	2,291	1,709
Miscellaneous/relocation expense	12,400	10,000	16,702	(6,702)
Office and equipment rental	36,000	28,000	17,626	10,374
Professional development	4,000	4,000	3,608	392
Seminars/conventions	3,500	3,000	4,384	(1,384)
Staff salaries/benefits	280,000	280,000	275,475	4,525
Office supplies	5,000	4,000	3,100	900
Travel/mileage	10,000	8,000	6,383	1,617
Dues and subscriptions	2,500	2,000	2,589	(589)
Parish Incentive Funds	-	50,000	50,000	-
Fees-Newton and Associates	-	25,000	23,494	1,506
Total Administration	<u>470,600</u>	<u>561,300</u>	<u>539,183</u>	<u>22,117</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>57,037</u>	<u>(57,037)</u>
Debt Service:				
Principal	12,000	2,059	11,989	(9,930)
Interest	-	-	188	(188)
Total Debt Service	<u>12,000</u>	<u>2,059</u>	<u>12,177</u>	<u>(10,118)</u>
Total expenditures	<u>1,619,900</u>	<u>1,735,597</u>	<u>1,701,201</u>	<u>34,396</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>9,297</u>	<u>(308,502)</u>	<u>(336,320)</u>	<u>(27,818)</u>
<b>FUND BALANCES - JANUARY 1, 2002</b>	<u>529,006</u>	<u>529,006</u>	<u>529,006</u>	<u>-</u>
<b>FUND BALANCES - DECEMBER 31, 2002</b>	<u>\$ 538,303</u>	<u>\$ 220,504</u>	<u>\$ 204,863</u>	<u>\$ (27,818)</u>

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**JEFFERSON EDGE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended December 31, 2002**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts on Budgetary Basis	Final Budget Favorable/ (Unfavorable)
<b>REVENUES</b>				
Intergovernmental:				
Share of Jefferson Parish occupational licenses	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
State Funds	80,000	100,000	75,000	(25,000)
Interest	3,000	-	442	442
Restricted donations	435,000	630,000	318,174	(311,826)
Total revenues	<u>598,000</u>	<u>810,000</u>	<u>473,616</u>	<u>(336,384)</u>
<b>EXPENDITURES</b>				
Current:				
Fundraising campaign	-	250,000	-	250,000
Marketing and promotions campaign and consultant	220,000	286,000	19,042	266,958
Projects	325,000	129,512	76,549	52,963
Miscellaneous	50,000	-	9,266	(9,266)
Total expenditures	<u>595,000</u>	<u>665,512</u>	<u>104,857</u>	<u>560,655</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>3,000</u>	<u>144,488</u>	<u>368,759</u>	<u>224,271</u>
<b>FUND BALANCES - JANUARY 1, 2002</b>	<u>-</u>	<u>-</u>	<u>117,005</u>	<u>117,005</u>
<b>FUND BALANCES - DECEMBER 31, 2002</b>	<u>\$ 3,000</u>	<u>\$ 144,488</u>	<u>\$ 485,764</u>	<u>\$ 341,276</u>

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NON-MAJOR FUNDS DESCRIPTIONS**  
**December 31, 2002**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

EDA Revolving Loan Fund

The EDA Revolving Loan Fund accounts for the grants received from the Economic Development Agency.

Workforce Investment Board

The Workforce Investment Board Fund was created in November 2001 to account for the revenues and expenditures of the Workforce Investment Act (WIA) project. JEDCO was contracted by Jefferson Parish to more fully implement Title I of the WIA and specifically to work directly with employers to solicit and develop on-the-job and customized training for Jefferson Parish.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**December 31, 2002**

	EDA Revolving Loan Fund	Workforce Investment Board Fund	Total Non-major Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 212,079	\$ -	\$ 212,079
Notes receivable	628,751	-	628,751
Due from other governments	-	20,595	20,595
	<u>-</u>	<u>20,595</u>	<u>20,595</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 840,830</u></u>	<u><u>\$ 20,595</u></u>	<u><u>\$ 861,425</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Due to other funds	\$ 5,359	\$ -	\$ 5,359
Total Liabilities	<u>5,359</u>	<u>-</u>	<u>5,359</u>
Fund Balances:			
Unreserved, Undesignated	835,471	-	835,471
Restricted	-	20,595	20,595
	<u>-</u>	<u>20,595</u>	<u>20,595</u>
<b>Total Fund Balances</b>	<u>835,471</u>	<u>20,595</u>	<u>856,066</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 840,830</u></u>	<u><u>\$ 20,595</u></u>	<u><u>\$ 861,425</u></u>

## **SINGLE AUDIT SECTION**



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2002**

	EDA Revolving Loan Fund	Workforce Investment Board Fund	Total Non-major Governmental Funds
<b>REVENUES</b>			
Charges for services	\$ 500	\$ 59,832	\$ 60,332
Interest	50,930	-	50,930
Total revenues	<u>51,430</u>	<u>59,832</u>	<u>111,262</u>
<b>EXPENDITURES</b>			
Current:			
Administration	5,445	-	5,445
Workforce Investment Board	-	59,832	59,832
Total expenditures	<u>5,445</u>	<u>59,832</u>	<u>65,277</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>45,985</u>	<u>-</u>	<u>45,985</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	15,412	15,412
Operating transfers out	(25,134)	-	(25,134)
Total other financing sources (uses)	<u>(25,134)</u>	<u>15,412</u>	<u>(9,722)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>20,851</u>	<u>15,412</u>	<u>36,263</u>
<b>FUND BALANCES - JANUARY 1, 2002</b>	<u>814,620</u>	<u>5,183</u>	<u>819,803</u>
<b>FUND BALANCES - DECEMBER 31, 2002</b>	<u><u>\$ 835,471</u></u>	<u><u>\$ 20,595</u></u>	<u><u>\$ 856,066</u></u>

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
NON-MAJOR SPECIAL REVENUE FUND  
WORKFORCE INVESTMENT BOARD FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended December 31, 2002**

	<u>Budgeted Amounts</u>		<u>Actual Amounts on Budgetary Basis</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 126,440	\$ 126,440	\$ 59,832	\$ (66,608)
Total revenues	<u>126,440</u>	<u>126,440</u>	<u>59,832</u>	<u>(66,608)</u>
<b>EXPENDITURES</b>				
Current:				
Marketing campaign	60,000	60,000	14,253	45,747
Communications	500	500	77	423
Health benefits and taxes	6,500	6,500	7,708	(1,208)
Miscellaneous	2,000	2,000	426	1,574
Training expenses	3,000	3,000	-	3,000
Staff salaries	46,240	46,240	35,396	10,844
Travel/mileage	1,500	1,500	279	1,221
Office and equipment rental	6,700	6,700	1,693	5,007
Total expenditures	<u>126,440</u>	<u>126,440</u>	<u>59,832</u>	<u>66,608</u>
<b>TOTAL CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - JANUARY 1, 2002</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - DECEMBER 31, 2002</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners  
**Jefferson Parish Economic Development Commission**  
Jefferson Parish, Louisiana

We have audited the basic financial statements of **Jefferson Parish Economic Development Commission ("JEDCO")**, a component unit of Jefferson Parish, Louisiana as of and for the year ended December 31, 2002 and have issued our report thereon dated April 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether **JEDCO's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 02-1.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered **JEDCO's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting

would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

*Rebowe & Company*

April 11, 2003

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners  
**Jefferson Parish Economic Development Commission**  
Jefferson Parish, Louisiana

### Compliance

We have audited the compliance of **Jefferson Parish Economic Development Commission ("JEDCO")**, a component unit of Jefferson Parish, Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. **JEDCO's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **JEDCO's** management. Our responsibility is to express an opinion on **JEDCO's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **JEDCO's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **JEDCO's** compliance with those requirements.

In our opinion, **JEDCO** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

### Internal Control Over Compliance

The management of **JEDCO** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **JEDCO's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

*Rebowe & Company*

April 11, 2003

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2002**

<u>Federal Grantor/Pass Through Or Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development – Community Development Block Grant - Section 108 Loan Guarantees *	14.248	B00-UC-22-0001	\$ 613,206
Special Economic Development and Domestic Assistance Programs Long Term Economic Deterioration (LTED) Revolving Loan Fund *	11.307	08-39-02686	\$ 842,001

\* - Major program.

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when JEDCO has met the qualifications for the respective grants.

**NOTE B - DESCRIPTION OF GRANTS**

**U.S. Department of Labor Work Incentive Grant - Title I Workforce Investment Act**

JEDCO was contracted by Jefferson Parish, Louisiana to perform certain services needed for the Parish, to more fully implement Title I of the Workforce Investment Act (WIA), specifically working directly with employers to solicit and develop On-the-Job and Customized Training opportunities for eligible WIA participants and to market the services of the Jefferson Parish workforce system.

**Department of Housing and Urban Development (HUD) – Community Development Block Grant - Section 108 Loan Guarantees**

HUD provides JEDCO with funds for loan pools which finance business development activities consistent with local economic development strategies. Loan repayments, interest and other related income create a revolving source of capital to stimulate economic activity and provide financing to businesses when private credit is unavailable.

**Special Economic Development and Domestic Assistance Programs Long Term Economic Deterioration (LTED) Revolving Loan Fund**

The Economic Development Administration provides JEDCO with funds for loan pools which finance business development activities consistent with local economic development strategies. Loan repayments, interest and other related income create a revolving source of capital to stimulate economic activity and provide financing to businesses when private credit is unavailable.

**NOTE C - OUTSTANDING LOANS**

The values of loans outstanding are as follows at December 31, 2002:

EDA Revolving Loan Fund	\$ 628,751
HUD Revolving Loan Fund	<u>448,311</u>
Total	<u><u>\$1,077,062</u></u>



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2002**

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of **JEDCO**.
2. No reportable conditions in internal control relating to the audit of the financial statements are reported in the *Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of **JEDCO**, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for **JEDCO** expresses an unqualified opinion.
6. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The following programs were identified as major programs:  
  
Long Term Economic Deterioration Revolving Loan Fund – CFDA 11.307  
  
Community Development Block Grant Section 108 Loan Guarantees - CFDA 14.248
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. **JEDCO** qualified as a low-risk auditee.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended December 31, 2002**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

Finding 02-1 BUDGETARY COMPLIANCE:

Criteria:

Louisiana Revised Statute 39:1310 states that the governing authority shall be advised in writing when total budgeted revenues within a fund exceed total actual revenues by five percent or more and when total actual expenditures within a fund exceed total budgeted expenditures by five percent or more.

Effect:

At December 31, 2002, total budgeted revenues exceeded total actual revenues as follows:

<u>Fund</u>	<u>Variance</u>
Jefferson Edge Fund	\$336,384 or forty-two (42) percent
Workforce Investment Board Fund	\$66,608 or fifty-three (53) percent

Cause:

Procedures were not in place to properly monitor the budget.

Recommendation:

We recommend that JEDCO strengthen their monitoring procedures of budget as compared to actual for all funds during the year to ensure that the state budget law is being complied with.

Response:

See Management's Corrective Action Plan for their response.

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR  
FEDERAL AWARDS**

There were no findings related to federal awards for the year ended December 31, 2002.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
For the Year Ended December 31, 2002**

Funding Source	Finding	Questioned Costs
	<p><u>Finding 01-1</u></p> <p>As stated in the U.S. Department of Commerce, Office of Inspector General's (OIG) Final Audit Report dated March 2002, JEDCO's cost allocation plan prepared in March 1998 was incomplete and did not fully comply with OMB requirements in that it omitted several essential elements. Also, the plan was not updated in subsequent years.</p> <p><u>Recommendation</u></p> <p>JEDCO should develop a complete and fully compliant cost allocation plan for the year ended December 31, 2001.</p> <p><u>Action Taken</u></p> <p>During 2002, JEDCO completed a revised cost allocation plan and submitted the revised plan to the EDA. Cynthia Grows, Controller (504) 833-1881</p>	none
Economic Development Administration	<p><u>Finding 01-2</u></p> <p>As stated in the OIG's Final Audit Report dated March 2002, two (2) of JEDCO's Revolving Loan Fund (RLF) loan files did not contain documentation substantiating the borrowers' inability to receive loan funds without JEDCO/EDA participation. The OIG also also reported two (2) borrowers possibly used RLF loan proceeds to acquire equity interests in businesses, which constitutes ineligible loan activity. These loans were paid in full in 1996 and 1997.</p> <p><u>Recommendation</u></p> <p>JEDCO should continue to maintain adequate documentation in RLF borrower loan files.</p>	none

(continued)

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
For the Year Ended December 31, 2002**

Funding Source	Finding	Questioned Costs
	<u>Action Taken</u>	
	JEDCO has put into place controls to ensure that its files are and continue to be adequately and properly documented. Also, it has substantiated that the loan purposes for one of the ineligible loan activities was in fact within EDA guidelines. The other was used inappropriately, which has been acknowledged by JEDCO. Both loans have been paid in full. Corinne Pritchett, Financing Operations Manager (504) 833-1881 ext. 356.	
	<u>Finding 01-3</u>	none
Economic Development Administration	As stated in the OIG's Final Audit Report dated March 2002, JEDCO did not have single audits performed for years 1997 and 1998.	
	<u>Recommendation</u>	
	Beginning in the year ended December 31, 2000, JEDCO's federal expenditures have exceeded the threshold amount of \$300,000, and as a result, a single audit has been required and performed for the years 2000 and 2001. As for years 1997 and 1998, no new loans were administered by the EDA program, therefore, single audit testing was not pertinent. In 1999, JEDCO's federal expenditures were below the threshold amount; therefore, no single audit was required.	
	<u>Action Taken</u>	
	Beginning in year 2000, single audits have been performed as required. As for 1997 and 1998, no new loans were administered by the EDA program; therefore, single audit testing was not pertinent. Corrine Pritchett, Financing Operations Manager (504) 833-1881.	

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**CORRECTIVE ACTION PLAN**  
**For the Year Ended December 31, 2002**

Finding 02 -1 - Budgetary Compliance:

Recommendation:

We recommend that JEDCO strengthen their monitoring procedures of budget as compared to actual for all funds during the year to ensure that the state budget law is being complied with.

Corrective Action:

In the future, JEDCO will monitor the budgets for all funds and amend the budgets when variances occur.

Implementation Date:

January 1, 2003

Contact:

Cynthia Grows, Controller (504) 833-1881.